

Risk Reduction and the Insurability of Aquaculture in a Variable and Changing Climate

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ABSTRACT

This paper evaluates the insurability of aquaculture in different culture systems in developing tropical countries. It evaluates and then expands a conventional insurance framework to include the enabling conditions and risk reduction measures that should exist for insurance to be sustainably developed. The findings show that this modified framework works practically well in explaining challenges and barriers in promoting aquaculture insurance in the face of climate change in developing countries. It takes into account climate change impacts on the insurability conditions and to different parties including fish farmers, insurance companies and government. It emphasizes the roles of intermediate parties such as government and developing agencies to fill the demand and supply gap by providing appropriate policies to support the development of aquaculture insurance by influencing the transformation of the deviate-from-insurability loss characteristics to the more insurable ones, promoting agreeable risk pricing and risk reduction practices, and making links between aquaculture and insurance sectors to support information and knowledge needed for the favourable insurance design.

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